May 16th, 2022
Research update

SMC Research
Small and Mid Cap Research

Platz 1 Europe Industrials (2018) | Platz 2 German Software & IT (2018) | Platz 1 German Software & IT (2017)
Mehrfacher Gewinner der renommierten Refinitiv Analyst Awards

3U Holding AG

High energy revenues drive group result upwards

Rating: Buy (unchanged) | **Price:** 2.27 € | **Price target:** 3.70 € (unchanged)

Analyst: Dipl-Volksw. Dr. Adam Jakubowski
sc-consult GmbH, Alter Steinweg 46, 48143 Münster

Phone: +49 (0) 251-13476-93
Telefax: +49 (0) 251-13476-92
E-Mail: kontakt@sc-consult.com
Internet: www.sc-consult.com

Please take notice of the disclaimer at the end of the document!

Recent business development

Basic data

Based in:	Marburg
Sector:	Software / E-Commerce
Headcount:	277
Accounting:	IFRS
ISIN:	DE0005167902
Ticker:	UUU:GR
Price:	2.27 Euro
Market segment:	Prime Standard
Number of shares:	35.3 m
Market Cap:	80.2 m Euro
Enterprise Value:	136.6 m Euro
Free Float:	67.1 %
Price high/low (12M):	4.78 / 2.06 Euro
Ø turnover (Xetra, 12 M):	62,600 Euro / day

At group level, 3U reported good figures for the first quarter. Sales increased by 19 percent to EUR 16.8 m, which was translated into an improvement in EBITDA, EBIT and pre-tax result of 12 to 8 percent. The segment Renewable Energies has developed particularly dynamically, with sales and EBIT increasing by 63 and 306 percent, respectively, thanks to the favourable weather and the attractive conditions agreed for the new electricity supply contracts. In terms of revenues, weclapp's momentum also remained high with a 67 percent increase, but most of this is due to the consolidation of ITscope. In organic terms, however, the pace of growth has slowed to less than 20 percent. In conjunction with the significantly higher costs, which are partly due to the postponed IPO, but above all to the strong increase in personnel, weclapp's previously impressive profitability has deteriorated significantly. However, 3U expects that this is a temporary phenomenon, and that the expansion of sales capacities will soon pay off in a return to significantly more dynamic and also more profitable growth.

FY ends: 31.12.	2019	2020	2021	2022e	2023e	2024e
Sales (m Euro)	51.4	61.1	55.9	67.0	78.7	89.1
EBIT (m Euro)	5.5	5.9	6.8	4.4	6.9	6.8
Net profit	4.1	3.3	2.9	2.0	2.7	2.2
EPS	0.12	0.09	0.08	0.06	0.08	0.06
Dividend per share	0.04	0.05	0.05	0.05	0.05	0.06
Sales growth	7.2%	18.7%	-8.4%	19.7%	17.5%	13.2%
Profit growth	111.7%	-20.2%	-10.7%	-31.9%	34.0%	-15.9%
PSR	1.56	1.31	1.43	1.20	1.02	0.90
PER	19.6	24.5	27.5	40.3	30.1	35.8
PCR	17.1	16.8	-8.5	4.9	8.2	8.6
EV / EBIT	24.8	23.0	20.2	31.1	19.8	20.1
Dividend yield	1.8%	2.1%	2.1%	2.2%	2.2%	2.6%

Strong revenue growth in Q1

As was to be expected due to the already reported significant improvement in the situation in the Renewable Energies segment as well as due to the inorganic effects at weclapp, 3U started the new year with a high sales dynamic. Driven by the two segments ITC and Renewable Energies, whose revenues increased by 29 and 63 percent respectively, group sales increased by 19 percent to EUR 16.8 m. The SHAC segment also contributed to a small extent, with sales increasing by 2 percent to EUR 7.5 m.

weclapp benefits from acquisition

The growth driver of the ITC segment was once again the cloud software specialist weclapp, whose revenues climbed by 67 percent to EUR 4.0 m, while the other activities of the division made a constant contribution to revenue of EUR 2.9 m. Of weclapp's sales, EUR 1.2 m was attributable to the new subsidiary ITscope acquired in the summer, while weclapp's organic growth of 19 percent (to EUR 2.85 m) thus remained below the level known from previous periods. Upon enquiry, 3U puts organic growth for ITscope GmbH in the first quarter at around 15 percent (before consolidation). Compared to the last quarter of 2021, in which ITscope was already included, the revenue of the weclapp subgroup has thus decreased by almost 10 percent, which the company explains upon enquiry with lower one-off licences. On the other hand, the monthly recurring revenues, the key figure in the SaaS business, continued to increase and amounted to EUR 1.28 m in March. The company explains the weaker organic growth mainly with the strong strain on management capacities due to the IPO preparation, as a result of which especially the approaching of larger customers has not been as intensive as would have been necessary. However, with the refocusing on the operating business and against the backdrop of the accelerated expansion of personnel capacities for sales and customer support in recent months, 3U is confident that it will regain its old growth momentum in the coming months and continues to expect sales of EUR 18 to 20 m for weclapp in 2022, equivalent to organic growth of around 30 percent.

Business figures	Q1 21	Q1 22	*Change*
Sales	14.10	16.84	*+19.4%*
ITC	5.46	7.06	*+29.3%*
Of which weclapp	2.39	4.00	*+67.4%*
Renewable Energies	1.48	2.42	*+63.2%*
SHAC	7.37	7.55	*+2.4%*
Of which Selfio	6.23	6.01	*-3.5%*
EBITDA	3.35	3.77	*+12.4%*
ITC	1.54	1.00	*-34.9%*
Renewable Energies	1.07	2.02	*+89.5%*
SHAC	0.06	-0.17	*-389.8%*
EBITDA margin	*23.8%*	*22.4%*	
ITC	*28.2%*	*14.2%*	
Renewable Energies	*71.9%*	*83.5%*	
SHAC	*0.8%*	*-2.3%*	
EBIT	2.36	2.56	*+8.4%*
ITC	1.36	0.50	*-63.6%*
Renewable Energies	0.38	1.53	*+306.6%*
SHAC	0.00	-0.35	*-*
EBIT margin	*16.7%*	*15.2%*	
EBT	2.26	2.43	*+7.8%*
EBT margin	*16.0%*	*14.5%*	
Net profit	1.82	1.39	*-23.8%*
Net margin	*12.9%*	*8.2%*	
Free cash flow	4.86	1.81	*-62.9%*

m Euro and percent, source: Company

Energy revenues increase by 63 percent

On the other hand, the development in the Renewable Energy segment was unreservedly positive in the first quarter, with revenues rising by 63 percent to EUR 2.4 m due to the very favourable weather conditions and the attractive conditions under which the electricity is marketed.

SHAC burdened by supply bottlenecks

The situation in the SHAC segment continues to be difficult, with supply bottlenecks in several important product categories affecting its development. At

Selfio, the segment's core company, this even led to a 3.5 percent decline in sales to EUR 6.0 m, although a trend reversal can be seen in comparison with the weak fourth quarter (EUR 5.7 m).

Double-digit increase in group EBITDA

The difficult supply situation was reflected in a 6 percent increase in material costs in the SHAC segment, which was largely responsible for the deterioration in segment EBITDA from EUR +0.06 m to EUR -0.17 m. Despite a higher contribution to earnings from the telecommunications and data centre business, the EBITDA of the ITC segment also deteriorated due to the significant cost growth at weclapp (see below) and was more than a third below the previous year at EUR 1.0 m in the first quarter. The fact that EBITDA at group level nevertheless improved by 12 percent to EUR 3.8 m was due to the Renewable Energy segment, whose strong sales growth was converted into an EBITDA increase by almost 90 percent to EUR 2.0 m. The contribution from other operating income, which this year included income from the sale of office space in Würzburg and in the previous year from the sale of the parts of the Adelebsen property rented to third parties, remained roughly unchanged.

weclapp profitability clearly below previous year

Part of the EBITDA decline in the ITC segment is due to renewed one-off costs in connection with the preparation of the IPO, which was ultimately postponed. 3U also includes the non-cash costs of the stock option programme launched in the run-up to the IPO, without which EBITDA would have been better by almost EUR 0.3 m. But a large part of the deterioration in earnings is attributable to the expansion of personnel capacities, which has resulted in an increase in segment personnel expenses by 113 percent to EUR 3.5 m. The number of employees in the weclapp subgroup (converted to full-time equivalents) was 155 in the first quarter, more than twice the previous year's figure. 3U names the areas of sales, customer support and product development as the focal points of personnel expenses. Especially in sales, weclapp had to realise that the acquisition of larger customers via the automated online process alone was more difficult than originally assumed, which is why an approach with more personnel-intensive sales activities is now being pursued. As a result, the personnel expense ratio at weclapp increased from 44 to 68 percent compared to the previous year and was decisively responsible for the decline in the EBITDA margin from 38.5 to 4.4 percent.

Net profit lower

At the same time, depreciation and amortisation in the ITC segment almost tripled to EUR 0.5 m due to the purchase price allocation from the acquisition of ITscope, which is why the segment EBIT fell by almost two thirds to EUR 0.5 m. At the group level, however, the positive effect from the segment Renewable Energies predominated, so that the group EBIT was also increased (+8 percent to EUR 2.6 m). Pre-tax earnings also rose by a similar magnitude to EUR 2.4 m, while net profit was down on the previous year at EUR 1.4 m due to a higher imputed tax rate (because of higher deferred taxes) and a higher profit share for minority shareholders (resulting from the high profit contribution from the sale of office space as part of the property development in Würzburg, in which 3U "only" holds 75 percent).

Construction progress on time and budget

The property project in Würzburg also had a formative influence on the cash flow statement in the first quarter. All three sub-balances of the cash flow statement were affected by the high inflows from customer payments for the space sold, the outflows for the space planned for letting and by the borrowing. As a result, the free cash flow amounted to EUR 1.8 m; adding inflows from financing activities, the balance sheet liquidity increased by EUR 9.3 m to EUR 22.1 m, of which, however, the majority (EUR 12 m) is restricted and only becomes available as construction progresses. Regarding the progress of construction activities, 3U confirms upon enquiry that they are on time and on budget despite the difficult conditions in the construction sector.

Forecasts confirmed

Based on the Q1 figures, management has confirmed the forecast for the current year and intends to increase group sales by 16 to 25 percent to between EUR 65 and 70 m. As before, EBITDA and net income are expected to be between EUR 10 and 12 m and between EUR 2 and 4 m, respectively, to which additional income from asset sales in the single-digit million range is expected to contribute. The outlook for the two core companies weclapp and Selfio was also left unchanged. While the latter is expected to return to growth in the course of the year and increase sales from EUR 21.6 m to around EUR 23 m, management expects the weclapp subgroup to see a very significant recovery in growth momentum and profitability in the later part of the year and expects sales of between EUR 18 m and EUR 20 m and a double-digit EBITDA margin of between 10 percent and 15 percent for the full year. With regard to further strategic options (e.g., new IPO attempt), the company says that discussions without any fixed expectations as to outcome are currently being held in many directions. In principle, however, the strategy of accelerating growth − also inorganically − with fresh capital is being maintained.

Estimates unchanged

The Q1 figures were broadly in line with our expectations, although the dip in earnings and (organic) growth at weclapp is somewhat larger than we had assumed. This is also where we currently see the greatest risk for achieving the targets for the year, because it is still too early to assess the practical success of the new sales concept. If it falls short of expectations, the increased costs will also have a noticeable impact on the annual figures. With an EBITDA estimate in the lower half of the guidance and an estimate of net profit at the lower end of the forecast range, we have already partly taken this risk into account, which is why we are (still) comfortable with our assumptions. If there is no noticeable recovery of momentum at weclapp in the half-year figures, we would, if necessary, set the estimates a little lower. At the moment, however, we still consider them to be readily achievable and therefore leave them unchanged. Specifically, we expect consolidated sales of EUR 67.0 m, EBITDA of EUR 10.8 m and net profit of EUR 2.0 m in 2022. We have also left the growth and margin assumptions for the following years unchanged and are still assuming continuous organic revenues growth to almost EUR 170 m and a gradual increase in the EBIT margin to 14.3 percent until 2029. The table on the previous page shows the overall model business

m Euro	**12 2022**	**12 2023**	**12 2024**	**12 2025**	**12 2026**	**12 2027**	**12 2028**	**12 2029**
Sales	67.0	78.7	89.1	101.5	115.6	132.2	149.2	169.2
Sales growth		17.5%	13.2%	13.9%	13.9%	14.4%	12.9%	13.4%
EBIT margin	6.6%	8.8%	7.6%	8.1%	9.9%	11.6%	13.0%	14.3%
EBIT	**4.4**	**6.9**	**6.8**	**8.3**	**11.4**	**15.4**	**19.4**	**24.2**
Tax rate	29.8%	29.8%	29.8%	29.8%	29.8%	29.8%	29.8%	29.8%
Adjusted tax payments	1.3	2.1	2.0	2.5	3.4	4.6	5.8	7.2
NOPAT	**3.1**	**4.8**	**4.8**	**5.8**	**8.0**	**10.8**	**13.7**	**17.0**
+ Depreciation & Amortisation	6.4	6.5	6.1	6.0	5.9	5.8	5.7	5.8
+ Increase long-term accruals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
+ Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Gross operating cash flow	9.5	11.3	10.9	11.8	13.9	16.6	19.3	22.8
- Increase Net Working Capital	7.6	-0.5	-0.5	-0.6	-0.7	-0.8	-0.9	-1.0
- Investments in fixed assets	-4.7	-1.8	-1.8	-1.8	-1.8	-1.8	-1.8	-1.8
Free cash flow	**12.4**	**9.1**	**8.6**	**9.4**	**11.4**	**14.0**	**16.6**	**20.0**

development resulting from our assumptions for the years 2022 to 2029; detailed overviews of the estimates for balance sheet, income statement and cash flows statement can be found in the Annex.

WACC unchanged

Subsequently, to determine the terminal value, we calculate, as before, with a fifteen percent safety discount on the target EBIT margin of the detailed forecast period and on this basis with a "perpetual" growth rate of 1 percent. The discount rate also remained unchanged. We continue to discount the cash flows resulting from our estimates at a WACC rate of 6.8 percent, based on a cost of equity of 8.5 percent (consisting of: beta factor 1.3, risk-free interest rate 1.0 percent, risk premium 5.8 percent), borrowing costs of 4.0 percent, a target debt ratio of 30 percent and a tax rate for the tax shield of 30.0 percent.

Price target: EUR 3.70 per share

The model results in a fair market value of equity after minority interests of EUR 130.1 m or EUR 3.69 per share, from which we derive the unchanged price target of EUR 3.70 (a sensitivity analysis for price target determination can be found in the Annex). We also continue to rate the estimation risk as slightly above average, which we express by awarding four points (on a scale of 1 (low) to 6 (high)).

Conclusion

The 3U group achieved sales growth of 19 percent to EUR 16.8 m in the first quarter and on this basis increased EBITDA by 12 percent as well as EBIT and EBT by around 8 percent each. Only the net profit was below the previous year's figure due to higher taxes and minority interests.

The growth was made possible in particular by a strong increase in revenues and profit in the Renewable Energies segment, where 3U benefited from favourable weather conditions as well as attractive new electricity supply contracts. There was also strong growth in sales at weclapp, but this was largely due to the acquisition of ITscope. Organically, weclapp has also grown significantly (+19 percent), but compared to the previous dynamics, this represents a significant slowdown. In conjunction with the simultaneously accelerated cost growth, which mainly reflects the expansion of personnel capacities, this means that weclapp's profitability − very impressive only a year ago − has deteriorated considerably.

However, according to 3U, this is only a snapshot. For the entire year, the company continues to target organic growth of around 30 percent and a double-digit EBITDA margin, implying a significant improvement for both key figures in the coming months. At the core of these plans is the expectation that the current upfront investments in the expansion of sales activities will soon pay off in a significantly more dynamic acquisition of new customers.

We also assume in our model that this will succeed and have left our estimates unchanged. On this basis, we continue to see the fair value at EUR 3.70 per share and thus believe that the share has a very high price potential. Accordingly, our rating remains "Buy".

Annex I: SWOT analysis

Strengths

- The 3U Group has been profitable since 2016, and revenues have grown organically every year since 2017.
- With weclapp, the portfolio contains a very fast-growing company that is increasingly shaping the group's development. The e-commerce provider Selfio also has promising growth prospects.
- weclapp's business is based on recurring revenues, is highly scalable and has already proven its profitability potential.
- With the conclusion of attractive PPAs, the Renewable Energies Segment is also very soundly positioned for the future.
- Solid balance sheet and liquidity position that can be used for further expansion of the core investments.

Weaknesses

- The margins in the e-commerce segment are very low, and recently the SHAC segment was operating at a loss.
- The share of repeat purchases is still very low at Selfio due to the business model.
- The preparations and the cancellation of the IPO have consumed many resources, and a strategic response to the development is still pending.
- Costs at weclapp have recently risen significantly faster than sales.
- The internationalisation efforts at weclapp have not yet brought the hoped-for success.
- In 2021, profits declined in all three business segments, and in the first quarter of 2022 two segments again recorded a decline in earnings.

Opportunities

- By expanding sales capacities, weclapp intends to accelerate its organic growth again and multiply its sales in the medium term as profitability increases again.
- With the acquisitions of ITscope and FinanzGeek, weclapp has added two very promising areas to its product portfolio and could exploit great synergies in terms of sales and technology.
- Selfio intends to continue to profit from the trend towards e-commerce and to significantly increase sales in the next few years.
- Especially at weclapp, growth is to be additionally accelerated by acquisitions.
- The resumption of the weclapp IPO plans or the announcement of an alternative solution, such as the involvement of a strategic investor, could also give the share price a strong boost in the short term.

Threats

- Efforts to improve Selfio's profitability could fail given the intense price competition in e-commerce.
- The supply bottlenecks Selfio is confronted with could be exacerbated by the war in Ukraine and problems with China's Covid-19 policy.
- The effect of the strengthening of weclapp’s sales activities on new business could unfold more slowly or be weaker than expected.
- Due to the surprisingly announced move of the CEO to the Supervisory Board, the formative personality of the last few years is relinquishing operational responsibility.
- Experience shows that the planned acquisition course entails risks such as the misjudgement of a target or integration problems.
- weclapp could lose its technological edge.

Annex II: Balance sheet and P&L estimation

Balance sheet estimation

m Euro	2021 act.	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e
ASSETS									
I. Total non-current assets	69.9	68.2	63.5	59.1	54.9	50.9	46.9	43.1	39.1
1. Intangible assets	30.6	29.7	28.7	27.9	27.3	26.7	26.3	26.0	25.8
2. Tangible assets	37.2	36.5	32.8	29.2	25.7	22.2	18.6	15.1	11.4
II. Total current assets	49.2	48.8	54.4	59.1	64.5	71.0	78.6	87.0	96.8
LIABILITIES									
I. Equity	62.1	62.6	65.2	67.1	69.9	74.5	80.9	88.8	98.7
II. Accruals	1.7	1.7	1.7	1.7	1.8	1.8	1.8	1.8	1.9
III. Liabilities									
1. Long-term liabilities	40.7	37.9	36.0	34.2	32.1	29.6	26.3	22.3	17.5
2. Short-term liabilities	14.6	14.7	14.9	15.2	15.6	16.0	16.6	17.2	17.8
TOTAL	**119.0**	**117.0**	**117.9**	**118.2**	**119.4**	**121.9**	**125.6**	**130.1**	**135.9**

P&L estimation

m Euro	2021 act.	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e
Sales	55.9	67.0	78.7	89.1	101.5	115.6	132.2	149.2	169.2
Gross profit	29.4	36.5	46.0	52.3	61.0	71.6	84.7	97.8	113.5
EBITDA	11.3	10.8	13.4	12.9	14.3	17.3	21.2	25.1	30.0
EBIT	6.8	4.4	6.9	6.8	8.3	11.4	15.4	19.4	24.2
EBT	6.3	3.2	5.4	5.3	6.7	9.9	14.0	18.3	23.2
EAT (before minorities)	4.0	2.3	3.8	3.7	4.7	6.9	9.8	12.8	16.3
EAT	2.9	2.0	2.7	2.2	2.8	4.4	6.5	8.7	11.1
EPS	0.08	0.06	0.08	0.06	0.08	0.13	0.19	0.25	0.32

Annex III: Cash flows estimation and key figures

Cash flows estimation

m Euro	2021 act.	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e
CF operating	-9.5	16.3	9.8	9.3	10.1	12.2	14.9	17.6	21.2
CF from investments	-13.8	-4.7	-1.8	-1.8	-1.8	-1.8	-1.8	-1.8	-1.8
CF financing	9.2	-4.7	-3.1	-3.8	-3.9	-4.9	-6.7	-8.9	-11.3
Liquidity beginning of year	26.4	12.7	19.6	24.5	28.3	32.7	38.1	44.4	51.3
Liquidity end of year	12.7	19.6	24.5	28.3	32.7	38.1	44.4	51.3	59.4

Key figures

Percent	2021 act.	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e
Sales growth	-8.4%	19.7%	17.5%	13.2%	13.9%	13.9%	14.4%	12.9%	13.4%
Gross margin	52.5%	54.4%	58.5%	58.7%	60.1%	61.9%	64.0%	65.5%	67.1%
EBITDA margin	20.1%	16.1%	17.0%	14.5%	14.0%	14.9%	16.0%	16.8%	17.7%
EBIT margin	12.1%	6.6%	8.8%	7.6%	8.1%	9.9%	11.6%	13.0%	14.3%
EBT margin	11.2%	4.8%	6.8%	5.9%	6.6%	8.6%	10.6%	12.2%	13.7%
Net margin (after minorities)	5.2%	3.0%	3.4%	2.5%	2.8%	3.8%	4.9%	5.8%	6.6%

Annex IV: Sensitivity analysis

	Perpetual cash flow growth				
WACC	**2.0%**	**1.5%**	**1.0%**	**0.5%**	**0.0%**
5.8%	5.56	5.02	4.59	4.24	3.96
6.3%	4.84	4.43	4.10	3.82	3.59
6.8%	4.27	3.95	**3.69**	3.46	3.27
7.3%	3.81	3.56	3.34	3.16	3.00
7.8%	3.43	3.22	3.05	2.89	2.76

Disclaimer

Editor
sc-consult GmbH
Alter Steinweg 46
48143 Münster
Internet: www.sc-consult.com

Phone: +49 (0) 251-13476-94
Telefax: +49 (0) 251-13476-92
E-Mail: kontakt@sc-consult.com

Responsible analyst
Dipl. Volkswirt Dr. Adam Jakubowski

Charts
The charts were made with Tai-Pan (www.lp-software.de).

Disclaimer

Legal disclosures (§85 of the German Securities Trading Act (WHPG), MAR, Commission Delegated Regulation (EU) 2016/958 supplementing Regulation (EU) No 596/2014)

The company responsible for the preparation of the financial analysis is sc-consult GmbH based in Münster, currently represented by its managing directors Dr. Adam Jakubowski and Holger Steffen, Dipl.-Kfm. The sc-consult GmbH is subject to supervision and regulation by Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), Lurgiallee 12, D-60439 Frankfurt and Graurheindorfer Strasse 108, D-53117 Bonn.

I) Conflicts of interests

Conflicts of interests, which can arise during the preparation of a financial analysis, are presented in detail below:

1) sc-consult GmbH has prepared this report against payment on behalf of the company

2) sc-consult GmbH has prepared this report against payment on behalf of a third party

3) sc-consult GmbH has submitted this report to the customer or the company before publishing

4) sc-consult GmbH has altered the content of the report before publication due to a suggestion of the customer or the company (with sc-consult GmbH being prepared to carry out such an alteration only in case of reasoned objections concerning the quality of the report)

5) sc-consult GmbH maintains business relationships other than research with the analysed company (e.g., investor-relations services)

6) sc-consult GmbH or persons involved in the preparation of the report hold shares of the company or derivatives directly related

7) At the time of the publication of the report, sc-consult GmbH or persons involved in the preparation of the report are in the possession of a net short position exceeding a threshold 0.5% of the total issued share capital of the issuer, which was calculated in accordance with the article 3 of the regulation (EU) No. 236/2012 and with chapters III and IV of the Commission Delegated Regulation (EU) No. 918/2012 (6).

8) At the time of the publication of the report, sc-consult GmbH or persons involved in the preparation of the report are in the possession of a net long position exceeding a threshold 0.5% of the total issued share capital of the issuer, which was calculated in accordance with the article 3 of the regulation (EU) No. 236/2012 and with chapters III and IV of the Commission Delegated Regulation (EU) No. 918/2012 (6).

9) At the time of the publication of the report, the issuer holds holdings exceeding 5 % of its total issued share capital in the sc-consult GmbH

10) sc-consult GmbH has included the company's shares in a virtual portfolio managed by sc-consult GmbH

Following conflicts of interests occurred in this report: 1), 3),

Within the framework of compliance regulations, sc-consult GmbH has established structures and processes for the identification and disclosure of conflicts of interests. The responsible compliance representative is currently managing director Dipl.-Kfm. Holger Steffen (e-mail: holger.steffen@sc-consult.com).

II) Preparation and updating

The present financial analysis was prepared by: Dipl. Volkswirt Dr. Adam Jakubowski

Participants in the preparation of the present financial analysis: -

The present analysis was finished on 16.05.2022 at 11:20 and published on 16.05.2022 at 11:50.

For the preparation of its financial analyses, the sc-consult GmbH uses a five-tier rating scheme with regard to price expectation in the next twelve months. Additionally, estimation risk is quantified on a scale from 1 (low) to 6 (high). The ratings are as follows:

Strong Buy	We expect an increase in price for the analysed financial instrument by at least 10 percent. We assess the estimation risk as below average (1 to 2 points).
Buy	We expect an increase in price for the analysed financial instrument by at least 10 percent. We assess the estimation risk as average (3 to 4 points).
Speculative Buy	We expect an increase in price for the analysed financial instrument by at least 10 percent. We assess the estimation risk as above average (5 to 6 points).

Hold	We expect that the price of the analysed financial instrument will remain stable (between -10 and +10 percent). The forecast risk (1 to 6 points) has no further impact on the rating. The rating "hold" is also used in cases where we perceive a price potential of more than 10 percent, but explicitly mentioned temporary factors prevent a short-term realization of the price potential.
Sell	We expect that the price of the analysed financial instrument will drop by at least 10 percent. The forecast risk (1 to 6 points) has no further impact on the rating.

The expected change in price refers to the current share price of the analysed company. This price and any other share prices used in this analysis are XETRA closing prices as of the last trading day before publication. If the share is not traded on XETRA, the closing price of another public stock exchange is used with a separate note to that effect.

The price targets published within the assessment are calculated with common methods of financial mathematics, especially with the DCF (discounted cash flow) method, the sum of the parts valuation and a peer group analysis. The valuation methods are affected by economic framework conditions, especially by the development of the interest rates.

The rating resulting from these methods reflects current expectations and can change anytime subject to company-specific or economic changes.

More detailed explanations of the models used by SMC Research can be found at:
http://www.smc-research.com/impressum/modellerlaeuterungen

An overview of the recommendations prepared and distributed by SMC Research in the last 12 months can be found at: http://www.smc-research.com/publikationsuebersicht

In the past 24 months, sc-consult GmbH has published the following financial analyses for the company:

Date	Investment recomm.	Price target	Conflict of interests
13.04.2022	Buy	3.70 Euro	1), 3), 4)
17.11.2021	Hold	4.40 Euro	1), 3), 4)
31.08.2021	Buy	3.80 Euro	1), 3), 4)
19.05.2021	Hold	3.50 Euro	1), 3), 4)
18.03.2021	Buy	3.00 Euro	1), 3), 4)
19.11.2020	Buy	2.60 Euro	1), 3), 4)
13.10.2020	Buy	2.40 Euro	1), 3), 4)
18.08.2020	Buy	2.40 Euro	1), 3)

In the course of the next twelve months, sc-consult GmbH will presumably prepare the following financial analyses for the company: one report, one update and two comments.

The publishing dates for the financial analyses are not yet fixed at the present moment.

Exclusion of liability

Publisher of this report is sc-consult GmbH. The publisher does not represent that the information and data contained herein is accurate, complete and correct and does not take the responsibility for it. This report has been prepared under compliance of the German capital market rules and is therefore exclusively destined for German market participants; foreign capital market rules were not considered and are in no way relevant. Furthermore, this report is only for the reader's independent and autonomous information and does not constitute or form part of an offer or invitation to purchase or sale of the discussed share. Neither this publication nor any part of it form the basis for any contract or commitment whatsoever with respect to an offering or otherwise. Investing in shares, bonds or options always involves a risk. If necessary, seek professional advice.

This report has been prepared using sources believed to be reliable and accurate. However, the publisher does not represent that the information and data contained herein is accurate, complete and correct and does not take the responsibility for it. The opinions and projections contained in this document are entirely the personal opinions of the author at a specific time and are subject to change at any time without prior notice. Neither the author nor publisher accept any responsibility whatsoever for any loss however arising from any use of this report or its contents. By accepting this document, you agree to being bound by the foregoing instructions.

Copyright